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## **INTRODUCTION**

The Office of Internal Audit performed an audit of Gogebic/Ontonagon County FIA for the period June 1, 2003 through June 30, 2004. The objectives of our audit were to determine if internal controls in place at the local offices provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Gogebic/Ontonagon County FIA had 38 full time equated positions (FTE's) at the time of our review. Gogebic/Ontonagon County FIA provided assistance to an average 2,241 recipients per month in FY 2003, with total assistance payments of \$2,843,018 for the fiscal year.

## **SCOPE**

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at Gogebic/Ontonagon County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts

Cash Disbursements

Safe and Controlled Documents

State Emergency Relief (SER)

Employment Support Services

Client Processing

CIS/ASSIST

Payroll and Timekeeping

Procurement Card

Child Protective Services

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that the Gogebic/Ontonagon County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did however, find instances of noncompliance with FIA policies and procedures, which are detailed below. The findings were the same in each county office, so we did not write them separately.

## **LOCAL OFFICE RESPONSE**

The management of Gogebic/Ontonagon County FIA has reviewed all findings and recommendations included in this report. They indicated in a memo received October 17, 2004 that they are in general agreement with the findings.

## **FINDINGS AND RECOMMENDATIONS**

### **Cash Receipts**

No findings in this area.

### **Cash Disbursements**

No findings in this area.

### **General Ledger**

No findings in this area.

### **Modified Accrual Basis Balance Sheet**

No findings in this area.

### **Safe and Controlled Documents**

No findings in this area.

### **State Emergency Relief**

No findings in this area.

### **Employment Support Services**

#### **Insufficient Documentation for ESS Payments**

Gogebic/Ontonagon County FIA did not have sufficient documentation on file to support all Employment Support Services payments. We reviewed five case files and noted that documentation of need and proof of vehicle ownership for vehicle repairs was not in the

case file. Program Eligibility Manual, Section 232, outlines the documentation requirements for Employment Support Services payments.

WE RECOMMEND that Gogebic/Ontonagon County FIA maintain all documentation required by policy in the case files.

### **Client Processing**

No findings in this area.

### **CIS/ASSIST**

No findings in this area.

### **Payroll and Timekeeping**

#### **Payroll Record Retention**

Gogebic/Ontonagon County FIA timekeepers maintained the certified copy of the Time and Attendance Summary Report (HR-332A). The Primary Internal Control Criteria for Local/District Office Operations recommends that someone other than the timekeeper retain the HR-332A so that changes made after the certifier signs the HR-332A could be detected.

WE RECOMMEND that Gogebic/Ontonagon County FIA have the certifier or someone other than the timekeeper retain the HR-332A.

### **Procurement Card**

No findings in this area.

### **Child Protective Services**

No findings in this area.